

**SPECIAL MEETING
of the
CITY OF RIALTO
CITY COUNCIL
City of Rialto, acting as Successor Agency to the
Redevelopment Agency
RIALTO HOUSING AUTHORITY**

**MINUTES
May 21, 2015**

A special meeting of the City Council of the City of Rialto was held in the City Council Chambers located at 150 South Palm Avenue, Rialto, California 92376, on Thursday, May 21, 2015.

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This meeting was called by the presiding officer of the Rialto City Council in accordance with the provisions of **Government Code §54956** of the State of California.

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CALL TO ORDER

Mayor Robertson called the meeting to order at 6:04 p.m.

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The roll was called and the following were present: Mayor Robertson, Mayor Pro Tem Palmer, Council Members Ed Scott, Joe Baca Jr. and Shawn O'Connell. Also present were City Administrator Michael Story, Deputy City Clerk Maria Rodriguez and City Attorney Fred Galante.

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**Pledge of Allegiance
and Invocation**

Council Member O'Connell led the pledge of allegiance.

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TAB 1 – Budget Plan for Fiscal Year 2015-16

George Harris, Administrative and Community Services Director presented the PowerPoint presentation regarding Budget Plan for Fiscal Year 2015/16.

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Council Member O'Connell asked in 2018 is PERS going to level off?

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George Harris stated that in 2018 its going to plateau. So the increase won't be as significant. Every year they are still going to do an actuarial to find out how much they paid in, what actuarial assumptions have changed. To see if further adjustments have to be made. If they were to make a large contribution to pay off the debt quicker this will affect how the future rates are calculated.

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Council Member Palmer asked what is the dollar amount they are looking at?

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Mr. Harris stated looking at where they were at in 2009, they were paying just over \$6 million dollars in total PERS costs. Project in this year they will be just under \$13 million. The PERS costs has doubled even though the personnel was reduced and stabilized.

He went over department reorganizations.

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Mayor Robertson stated when he talks about with benefits, are they calculating the projected costs associated with PERS long term? Adding in and having to carry assuming the person goes past 5 years and they become vested with PERS.

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Mr. Harris stated they actually bundle the full amount before the vesting period closes. If they were to model the PERS rates against that salary for the next 5 years it would still be less than what they were paying on the \$517,000.

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Mayor Robertson asked so the number is factored in here?

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Mr. Harris stated this is a one year snapshot. If they model that salary against the rate increases, it still comes out cheaper than the \$572,000.

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Council Member Palmer asked about the Project Manager Contract.

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**TAB 1 – Budget Plan for Fiscal
Year 2015-16**

George Harris, Administrative and Community Services Director stated that his contract was month-to-month.

He explained the Fire Department reorganization with the SAFER Grant ending. They need to find a way to keep five ambulances on the street without the SAFER Grant in a cost effective manner.

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Council Member O'Connell sated that there was some assumptions made reference the paramedic program and how they get refunded. What money are they specifically allowed to get refunded because Rialto owns their own Fire Dept. Paramedic Program.

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Fire Chief Fratus stated that the program he is referring to is the ground emergency medical transport program which was passed by the State last year. And what that allows them to do is for the Federally funded insurance programs, for example Medi-Cal, it doesn't matter how much they charge they receive \$118. It doesn't matter how much it costs, this is what they pay. This was a program that allowed them to fill some of the gap of what they received and what it costs to provide the service. They got a retroactive amount of \$1 million that went back 4 years. At this point they are bringing in additional revenues at a rate of \$300,000. The problem with the program is that it did not account for Medi-Cal, HMO's and Managed Care. As the Affordable Care Act came in, the push was to move people out of the traditional Medi-Cal programs and into managed care. Over time that number is not likely to increase, it will probably stabilize. There is another Senate Bill 534 that is actively going through the system right now at the State level. This is a little bit different system an intergovernmental transfer so there are few more nuances to it. It is not as predictable as to how much they will get but at their best it is a significant amount perhaps up to \$750,000 a year through the program. Right now its \$300,000 and it could be up to \$750,000. The important piece is that not all fire departments are eligible for this money only those that are public transport providers. Which restates what Mr. Harris said about the importance of maintaining a robust transport program if they were to lose the SAFER grant and decrease the number of ambulances on the street. They would have a difficult time meeting their obligation. This is cost effective approach to keep them in this business.

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Mr. Harris stated that if they don't have ability to respond with the five ambulances it doesn't mean that response doesn't happen. AMR will come into town and handle that transport but now AMR is eligible to get that reimbursement from the patient as opposed to City Fire Dept. By being able to deploy the five ambulances, and keep them on the street, they keep those revenues coming to support the program.

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TAB 1 – Budget Plan for Fiscal Year 2015-16

Council Member Palmer stated there is another nuance, that if you can't respond then AMR responds?

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Fire Chief Fratus stated yes, that is the key point, that section of the health and safety code that gives them the exclusive right to provide these services. It's more than just a right it is an obligation. If they ever showed that the City failed to meet that obligation then it would open up their area to bid with the rest of the County and they would not be able to transport any further. It would be awarded to whoever wins the bid, which likely would be a private agency.

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Council Member Palmer asked if there was a certain percentage?

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Fire Chief Fratus stated that it hasn't been clearly defined, may be more by case law in other areas of the State where this has happened. They work very closely with a private ambulance company, they made it clear that they don't have a bona fide automatic aid agreement between them. So when they have to come into the City, they don't consider it mutual aid as they do with the other agencies. The other nuance is with the issue of bed delays at the hospitals. They have units that are "on the wall" for hours at a time. Prior to these types of problems, if they ran out of ambulances in the City of Rialto, they could call on AMR and they had some backup. The scope of the problem has become so large there isn't anybody left. AMR is "on the wall" with them. There has been response times in urban areas around them with AMR that reached 45 minutes to one hour because there is nobody left in the system. All other pieces aside, from a public safety service perspective they need to have more units on the street just to protect the people in Rialto.

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Mayor Pro Tem Baca Jr. stated that he brings up a lot of good points, this is a great program. Is there some point in time where they would respond out of their jurisdiction?

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Fire Chief Fratus stated that the same section of the Health and Safety Code that grants them exclusive right, also grants exclusive rights to everybody out side of the city limits. Even if City of Fontana wanted Rialto to respond in, they cannot because of those restrictions. They can enter into aid agreements if AMR can't respond then AMR can ask Rialto to go into Fontana. But the expansion of those rights are almost impossible.

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TAB 1 – Budget Plan for Fiscal Year 2015-16

George Harris, Administrative and Community Services Director stated the final recommendation is the Community Services Director position. He listed the responsibilities for the position and the goals of the department. All the contract savings discussed covers the Community Services Director costs.

He went over capital projects. At mid-year they discovered surplus funding as a result of tightening belts over the years and they were able to make a one-time \$9.6 million action that authorized the various projects and the one-time employee bonus. That brings the total amount on capital out of the General Fund to \$10.8 million in the current budget year. The 15/16 recommended list is larger than the original request. Currently they are trying to determine if they still need \$60,000 for Fire Station 201. This list is not included in the cash balanced budget that was presented prior. This capital list is one that they are requesting that if action is taken to authorize these capital projects, that they do have surplus reserves. It would be a one hit on the reserves for the actual money they received in the current fiscal year, they would have City Council consider be used in the subsequent fiscal year to achieve these projects.

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Mayor Robertson stated that these are not the capital projects previously identified in the past budget. What were the ones that were previously identified if these are new?

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Mr. Harris stated that they are not built into the current cash balanced budget they have before them.

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Mayor Robertson stated no, this is the new list. In the past, prior years, they keep identifying capital things they put on the list and some they can handle budget but some they had to defer. Had they finished out the projects they deferred?

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Mr. Harris stated yes this list represents new requests. It's in addition to what was approved in prior years. They have not completed everything on the previous list but a lot of projects are in progress. A lot of those projects, funding was allocated in prior years and just not completed. So the question is, what is the balance of the projects they didn't fund prior and are they represented in the new list? In the last two years they were able to accomplish a lot of the projects.

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Mayor Robertson stated that she just wants to make sure that if there was anything they previously identified they felt needed to occur and they didn't have the resources and they only covered a fraction of it.

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TAB 1 – Budget Plan for Fiscal Year 2015-16

George Harris, Administrative and Community Services Director stated they will need to be more specific as to what projects they pulled off the list.

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Mayor Pro Tem Baca Jr. stated he thinks what the Mayor is saying are there other capital projects that they have identified that maybe they didn't budget for in the past. Is this list leap frogging the ones they have identified in the past? He doesn't see, which they had Frisbie Park and Birdsall Park where the snack bars are not in compliance.

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Mayor Robertson stated they also talked about the fields and Dollahan Elementary, land swap and expanding. They never have enough resources of everything brought forward. Do they need to reprioritize?

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Council Member Scott asked if they have done a survey of all the parks in the City to determine a list of things that need to be done. They need to prioritize what needs to be done in parks.

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Council Member Palmer stated they have a list of sidewalk repairs that's approximately 3 years behind.

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Council Member Scott stated he thinks as a City they need to focus on streets, sidewalks, and their infrastructure. Adding to that, the vehicles they are buying for Police and Fire, the disrepaired streets don't help maintain the vehicles.

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Mayor Pro Tem Baca Jr. stated that they need to have all the options in front of them and prioritize. They need to reinvest in the City and back into the community. He would like a better list for them to prioritize.

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Council Member O'Connell stated that he is in agreement with prioritizing streets. He also agrees that they need to focus on parks.

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Mr. Harris stated that the recommendation to spend just \$2.4 million of the \$12 million balance is being conservative. This still leaves them with \$10 million as they start to look at the future proceeds coming from development. Also Measure U was put in place to handle these items. The idea is to focus on capital improvements. The need to create a long term capital plan utilizing the anticipated revenues.

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TAB 1 – Budget Plan for Fiscal Year 2015-16

George Harris, Administrative and Community Services Director stated explained the good news of the budget.

- A slight growth of reoccurring revenues
- Measure U – voter approval
- Increase Capital investment over the past two years
- Employees still supporting PERS contributions
- Positions are nearly filled
- Operational Budget supported by Revenues; exception of ongoing capital intended to be supported by Measure U Revenue
- Good reserve position
- Anticipation of development proceeds from the Renaissance project

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City Treasurer Carrillo requested clarification when comparing 2013/2014 Actuals with the current report.

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Mr. Harris stated that he doesn't have the documents in front of him to review and will go over the updated actuals with him later. As they close out prior fiscal years there may be some adjustments as they complete audits.

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City Treasurer Carrillo stated regarding the Community Services Director and funding; is there an adjustment to the current Administrative and Community Services Director position since they are going to reduce his responsibilities and give to the new person? Is there an adjustment to his salary to help cover the cost of the new position?

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Mr. Harris stated that it's not proposed and not factored in the numbers.

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Mr. Harris explained the bad news of the budget.

- Measure U Implementation
- Pension Costs continue to rise
- Capital Replacement
- Utility users Tax – Five year sunset (2018)
- Still operating with a structural deficit in regards to ongoing capital replacement and deferred maintenance
- Due for a classification and total compensation study

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TAB 1 – Budget Plan for Fiscal Year 2015-16

Mayor Robertson stated in regards to deferred maintenance, she doesn't think any of them are proposing to not continue to fund the levels of what they projected. They will always want to do more beyond what they had budgeted for.

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Mr. Harris stated that his point is that they technically don't have enough revenue until Measure U is fully implemented and they are receiving that revenue to have an ongoing revenue source that will support ongoing maintenance spending. Until they are able to support it at that level, he argues they still would have a structural deficit.

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Mayor Robertson stated that she would argue that they deferred for so long, she doesn't know how they would need to have a revenue stream to maintain what they need to catch up on.

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Council Member Palmer stated referencing the street issue, even if they maintain what they are doing at the same level they keep doing every year under the budget, there is still a structural deficit because they are not catching up.

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Mayor Robertson stated except when they say they have a surplus, and they are talking about what do they do with that one time money. That one time money could be used one time to shrink the wait list.

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Council Member Scott stated that if they street paving and overlay, is that \$30 million?

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Mr. Harris stated that even if they get caught up, they will need \$4-\$5 million minimum every year to maintain. That structural deficit exists in their inability to be able to fund it on an ongoing basis.

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Mayor Robertson stated until they identify another revenue stream for the maintenance.

Going back to the Measure U Implementation, they were talking about a 25% reduction of the UUT once they determine approval and implementation. What would that 25% look like and when?

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Mr. Harris stated they receive \$12 million and 25% loss is \$3 million. So they will be left with approximately \$8 million.

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**TAB 1 – Budget Plan for Fiscal
Year 2015-16**

City Attorney Galante stated that he provided a short summary of where they were at. The lack of oversight of these facilities has been so prominent. The Licensing Division didn't have all the details of what operations have tanks and the size of those tanks. Once that was determined and the letters were sent out to the various operators, they have received most of those back, identifying the storage capacity. The next step is for the actual calculation of the tax as applied to that storage capacity and sent to the various operators. They have heard from the operators who have responded is that they reserve their rights to challenge it, even though they are complying with the steps of providing information. If this happens they have to go through an administrative process first, which can take a few months. If they are still wishing to take it further they have to pay those taxes under protest and bring a legal action. This can longer, up to 2-3 years given how crowded the courthouses have been. As far as a reduction of the Utility Users Tax it would been when the City is effective at collecting the Measure U taxes.

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Mayor Robertson stated that she doesn't know if that is the general understanding but this is why she is asking for the timeline.

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Council Member O'Connell asked what kind of timeframe will they be able to operate it within, so they know they are no longer interested in suing?

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City Attorney Galante stated that if they do pursue the administrative appeal process and once that concludes, 90 days later it becomes a final action.

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Mr. Harris stated that they have set aside \$1 million at mid-year for litigation.

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Mr. Harris presented the special revenue funds.

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Council Member Scott asked if they have a reserve in the Utilities Fund.

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Mr. Harris stated that there is a variety of reserves set up in the Concession structure. The total estimated amount is \$19.5 million.

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Council Member Scott asked if they were putting anything into the Environmental Fund.

**TAB 1 – Budget Plan for Fiscal
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Mr. Harris stated that was the intent of the \$400,000 to start feeding that Fund.

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Council Member O'Connell asked if they will be able to adjust a deficit in one particular area, take the funds and move them?

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Mr. Harris stated that the reserves are established in the Utility Authority must remain as reserves for the Utility Authority. It's a special revenue governed by Proposition 218. As the revenues are received they must remain for that purpose.

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Council Member Scott stated so the Wastewater Reserves restricted to wastewater and Water Reserves to water.

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Mr. Harris stated the only way to cover a deficit is through some type of contractual agreement between the two that would repay that money back to the original location.

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Mayor Robertson asked for the Special Revenue Fund is there something that itemizes that amount?

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Mr. Harris stated yes, it's in the detail there is the available resources summary. Its breaks down all the special revenue funds in this category.

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Council Member Palmer stated referring to the Community Services Director position. Looking at the responsibilities, the Rialto Youth Collaborative. He thought that wasn't part of the City.

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Mr. Harris stated that the Rialto Youth Collaborative is a non-profit, the City wasn't an original partner with it. That has been a part of his responsibility solely by nature of him taking over as the comity Services Director. Before that it was the responsibility held by the previous Director. It's not a City fund or a City activity. It was formed as a separate entity. Since its inception the responsibility has lied with the Recreation Department.

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TAB 1 – Budget Plan for Fiscal Year 2015-16

Mayor Robertson stated that it probably shouldn't be further memorialized as a task or responsibility within the department.

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Council Member Palmer stated correct, if it's a 501c3.

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City Attorney Galante stated certainly the City can help administer or assist a non-profit to the extent that City Council finds it to serve a public purpose. So it's up to the City Council any given year as to how much both in-kind and financial support they want to provide.

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Council Member Palmer stated they are putting it under a Department Head to oversee it as part of their City function. He understands if they want to donate money or in-kind contribution.

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City Attorney Galante stated that it would be more appropriate to label it as an in-kind contribution to the extent that City Council wants to provide that any given year rather than serve a responsibility.

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City Administrator Story stated under the current bylaws of it, there is representation from the City to participate and not be responsible for.

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Mayor Robertson stated going back to the three positions being proposed, the IT position would not generate revenue.

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Mr. Harris stated that it's an internal service operation.

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Mayor Robertson stated it's the same with the Community Services Director, there may be some opportunities where revenue gets generated but all the things under it itself will not pay for the position. Regarding the in-house Building Inspector, she was concerned that they eliminated the position in 2010/2011. What baseline are they using for the workflow? She would rather they mirror the position and cost against a flat baseline. Is the baseline the 1800 permits activity? Will they see the same savings to the point that it would make sense to bring the position back in-house? They incur costs when they make that position permanent. The need is driven by development, then what is the savings based on? Should this stay as a contracted service.

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TAB 1 – Budget Plan for Fiscal Year 2015-16

George Harris, Administrative and Community Services stated that they will take a look at that analysis. Contract services dipped in 2012 and then creep back up, so the use of contract services is starting to increase significantly based on activity.

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Robb Steel, Development Services Director stated that there are 2 contract building inspectors and that number has plan check services as well. They have a demand for 2 full-time contract inspectors right now. There is always a need for one and they will fill in the gaps with a contractor.

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Council Member Palmer asked so they are replacing with one in-house inspector?

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Mr. Steel stated that they would still a contract inspector.

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Council Member Scott stated that it's important that building inspection needs consistency. He is in support of having an in-house inspector.

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Mayor Robertson stated that she is not disagreeing it's just when she sees reports that gives her savings, she likes to know what is the realistic baseline.

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Mayor Pro Tem Baca Jr. stated when he attended a BIA meeting that was the concern regarding being business friendly and expediting projects.

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Mr. Harris stated this was intended to receive some direction from City Council regarding the capital projects.

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Council Member Scott stated that he is okay with the list. He thinks they need to expand the streets and sidewalks projects.

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Mr. Harris asked are they wanting to potentially double the amount.

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Mayor Robertson stated that she sees on the list for overlays and slurries but where is the sidewalks?

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TAB 1 – Budget Plan for Fiscal Year 2015-16

Mr. Harris stated that they have a CDBG allocation for the sidewalks. If they want to add to that then he would have a separate line item to identify that amount.

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Council Member Palmer asked for an estimate of what it would cost to fix the sidewalks that need to be repaired.

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Robert Eisenbeisz, Public Works stated that they can get that, he is sure there is a substantial backlog of requests.

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Council Member O'Connell stated from what he remembers he thought it was about \$1 million, a 3-5 year list where it's not based on priority but how it's listed. They talked about putting \$700,000 to it.

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Katie Nickel, Public Works Department stated that they received \$387,000 toward the curb, gutter, and sidewalk projects. They have a 3 year backlog of \$1.4 million.

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Council Member Scott stated that the City placed a fee on the trash bill for street overlays. Where is that money accounted for?

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Ms. Nickel stated FY 14/15 current year is the first year they implemented that fee. They estimate \$646,000 in-coming revenue. They have been tracking it and have not committed any money this year. In the proposed budget they have placed the \$600,000 for a street overlay project. This is in addition to the \$1 million overlay projects on the list.

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Council Member Scott stated that he agrees that they need to catch up on sidewalks and additional money for street overlays. They need to start making a difference.

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Ms. Nickel stated currently they have \$3 million for overlays and slurry seals from Measure I, Gas Tax, Rubbish fee, and the \$1 million. In order to maintain they need \$6.9 million for just the street overlays.

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Mr. Eisenbeisz stated that this doesn't address the deferred projects over time.

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**TAB 1 – Budget Plan for Fiscal
Year 2015-16**

Council Member Palmer asked if they can put towards the sidewalks.

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City Administrator Story stated to clarify, keep the \$2.4 million on the list, this is in addition to the remaining \$10 million in the above reserve amount. Regarding parks, they are doing design work at Cactus/Randall and Frisbie Park. Was there something other than what is identified for snack bar, restrooms? Look at Birdsell Park?

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Mayor Robertson stated yes.

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Council Member Scott asked if they have done a survey on all these parks?

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City Administrator Story stated that have one on all the park restrooms/snack bars that need improvements.

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Ms. Nickel stated they had a study done of all the parks that need improvements. There are four sites that were deferred. They just brought the first one that really needs it. They estimate \$250,000 for each park.

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Council Member O'Connell stated that when they get caught up with the sidewalks can they make sure they implement a plan to prioritize them.

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Mayor Robertson stated that they have 3 other park sites that need repair, are they going to consider employing the same procurement technique they did with Bud Bender Park?

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Council Member Palmer asked for the list of parks that need repair.

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Ms. Nickel stated that she will provide a list to City Council. All the parks were reviewed and Rialto Park was the first park to be fully refurbished.

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Council Member Scott asked if they will use waterless urinals due to the mandate to reduce water usage.

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Ms. Nickel stated that they will take that request into consideration.

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**TAB 1 – Budget Plan for Fiscal
Year 2015-16**

Robert Eisenbeisz, Public Works Director stated that they will evaluate the current compliances and costs for waterless or low water usage urinals.

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Mayor Pro Tem Baca Jr. asked how much have they agreed upon? Was the direction clear on what they will spend from the reserve?

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City Administrator Story stated that will have the list presented that includes other capital expenditures.

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Mr. Harris stated in addition to the \$2.4 million is an additional \$1 million for various overlay slurry seals, so the top item would go for \$1 million to \$2 million. The new item entitled curb, gutter and sidewalk in the amount of \$900,000. They will discuss which of the three parks are still remaining that need improvements at \$250,000 per park.

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Mayor Robertson stated for clarification, because they added another \$1 million onto the streets and overlay. Where are the streets that need a total reconstruction and not just the overlays and slurry seals?

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Mr. Eisenbeisz stated that they will take all of the funds available and using the pavement management system they will identify the priority projects. His experience is that they really need to have a balanced approach on that because they can't focus on the worst roads and only repair those at the highest costs. They need to do both. They have identified some of the streets but with more funding they will go back and expand the project.

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Katie Nickel, Public Works Department stated that City Council had already approved a prioritized 5-year replacement program.

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Robert Eisenbeisz, Public Works Director stated that they want to get to is a maintenance and preventative mode. That is where they are using lesser cost strategies to keep roads in good shape.

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George Harris, Administrative and Community Services Director stated this concludes the workshop and they will conduct the public hearing at the June 9th City Council Meeting.

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ADJOURNMENT

Motion by Mayor Pro Tem Baca Jr., second by Council Member Scott and carried by unanimous vote to adjourn the City Council meeting at 7:48 p.m.

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